



Public Notice Pursuant to A.R.S. § 38-431.02

ARIZONA MUNICIPAL WATER USERS ASSOCIATION MANAGEMENT BOARD

MEETING NOTICE AND AGENDA

Wednesday, December 8, 2021 – 10:00 a.m.

**This meeting will be held as a Hybrid meeting.
Only AMWUA Management Board members may attend in person; Others are to join via Zoom.**

Access this [Link](#) to join. Meeting ID: 842 8966 1340
(Option to join by phone: 602-753-0140, same Meeting ID as above)

A. Call to Order

B. General Business—Items for Discussion and Possible Action

1. Approval of the Minutes from the November 10, 2021 Meeting
2. Schedule Next Meeting Date: January 12, 2022, 10:00 a.m.
3. Colorado River Shortage Update
4. Update on CAWCD's Finance, Audit and Power Committee
5. Recommendation for 2022 AMWUA Management Board Chair and Vice-Chair

C. Member Reports

D. Executive Director's Report

E. Future Agenda Items

F. Adjournment

*The order of the agenda may be altered or changed by the AMWUA Management Board. Members of the AMWUA Management Board may attend in person or by internet conferencing.

More information about AMWUA public meetings is available online at www.amwua.org/what-we-do/public-meetings, or by request.

Arizona Municipal Water Users Association



MANAGEMENT BOARD

MEETING MINUTES

November 10, 2021

ZOOM TELECONFERENCE

VOTING MEMBERS PRESENT

Jessica Marlow, Gilbert, Chair
Brian Biesemeyer, Scottsdale, Vice Chair
Kirk Beaty, Avondale
Chris Hassert, Mesa
Craig Johnson, Glendale
John Knudson, Chandler
Cynthia Campbell for Karen Peters, Phoenix
Terry Piekarz, Tempe
Cape Powers, Peoria
Javier Setovich, Goodyear

OTHERS PRESENT

Michelle Barclay, AMWUA	Sam Draper, AMWUA	Kathy Macdonald, Mesa
Anna Bartholomew, SRP	Paulette Fenderson, Phoenix	Diana Pina, AMWUA
Gretchen Baumgardner, Scottsdale	Kathy Ferris, AMWUA	Jacob Perez Laurent, AMWUA
Anthony Beckham, SRP	Brett Fleck, Peoria	Nazario Prieto, Phoenix
Craig Caggiano, Tempe	Tara Ford, Tempe	Drew Swieczkowski, Glendale
Gregg Capps, Chandler	Lisa Gray, CliftonLarsonAllen	Jamie Teatsworth, El Mirage
Scott Crist, CliftonLarsonAllen	Lauren Hixson, Gilbert	Warren Tenney, AMWUA
Jennifer Davidson, Avondale	Simone Kjolsrud, Chandler	Thomas Throssell, CAP
Ray Diaz, Goodyear	Karen Kruse, Phoenix	Sheri Trapp, AMWUA
		Theresa Ulmer, Ulmer Consulting

A. Call to Order

Ms. Marlow called the meeting to order at 10:01 a.m.

B. General Business – Items for Discussion and Possible Action

1. Approval of the Minutes from the October 13, 2021 Meeting

Upon a motion made by Mr. Setovich and a second from Mr. Powers, the AMWUA Management Board unanimously approved the October 13, 2021 meeting minutes.

2. [Next meeting scheduled: Wednesday, December 8, 2021, 10:00 a.m.](#)
3. [Colorado River Shortage Update](#)

Mr. Tenney reported that conditions on the Colorado River remain serious and approaching the Tier 1 shortage declaration for 2022, Lake Powell and Lake Mead remain at only 1/3 capacity. Experts also predict the La Niña weather pattern this winter will produce drier than average conditions here in the Southwest.

The projections from this year's August 24-month study triggered the provision in the DCP for Lower Basin States and Reclamation to consult on what action can be taken to prevent the Lake from going below 1,020 feet. Reclamation has reviewed the last 22 years of the Colorado River's hydrology, which is the driest 22-year period in the last 1,200 years. Since 1999, we have seen the storage capacity of both reservoirs go from 93% full to now 31%, despite implementing DCP in 2019. Reclamation believes only using recent, drier years in their modeling more accurately reflects expected climate conditions in the future, a move away from the 2007 Interim Guidelines. In June 2019, it appeared DCP and a very wet winter had reduced the risk yet only 2 years later the risk of reaching 1,020 by 2026 has elevated closer. However, Reclamation did emphasize that without the 2019 DCP and the various system conservation, there is a high probability Lake Mead would stand 65 feet lower at 1,000 feet. Efforts have had large, important impacts on water levels in Lake Mead, and we are being asked to increase these efforts in light of recent conditions and projections.

The Lower Basin States have concluded that an additional 500,000 acre-feet of water conserved annually in Lake Mead in addition to DCP would bend the model projections to keep Lake Mead from dropping below 1020 feet in the near future. This "500+ Plan" will first involve identifying the additional 500,000 acre-feet among tribal and non-tribal water users in California, Nevada, and Arizona to leave in Lake Mead both in 2022 and 2023. Arizona's contribution to the Plan will be 223,000 AF, 30,000 AF from on-river users and 193,000 AF from CAP users. California and the Bureau of Reclamation are targeting volumes of 215,000 AF and 62,000 AF, respectively. Financial resources will also be needed for certain targeted supplies and Arizona has pledged \$40 million for this purpose. Other states and federal financial resources will be pursued to reach the estimated \$100 million annually to help incentivize various parties to leave water in Lake Mead. The target is to complete this 500+ Plan by mid-December and the necessary agreements for leaving an additional 500,000 acre-feet both in 2022 and 2023. The Lower Basin States would then work toward securing the additional 500,000 acre-feet annually in 2024, 2025, and 2026.

Mr. Hassert asked if the 500+ Plan applies to 2022 and 2023. Mr. Tenney responded that implementation of the 500+ Plan would be for 2022, as waiting any longer does not help to bend the curve of falling Lake Mead elevations. Whatever amount is volunteered in this Plan would change the water delivery order of a subcontractor from CAP.

Mr. Setovich asked for more information regarding the CAP usage of funds from property taxes and if all CAP users contribute and benefit from property tax monies. Mr. Tenney responded that CAP has previously utilized property taxes to provide rate stability of OM&R.

This property tax, taken from property owners in Maricopa, Pinal, and Pima counties, would benefit the CAP users of these respective areas. Ms. Campbell did specify that there are users within the three-county system that pay property tax but do not receive CAP deliveries.

Mr. Powers commented that the measures in the 500+ Plan feels different than what is specifically required in DCP and so it is hard to know how to apply the 500+ Plan to a municipality's drought preparedness plan. It will be interesting to see if cities incorporate the 500+ Plan into drought preparedness plans moving forward.

4. Outdoor Water Initiatives

Sam Draper, Conservation and Efficiency Manager, reported on the draft package of the Outdoor Water Initiatives. After identifying new ordinance opportunities, AMWUA staff has drafted model ordinance concept papers that have been reviewed and revised by the CEAG and WRAG since September. There are six ordinance concepts being presented for Board approval: WaterSense® Smart Irrigation Controller Requirements; Non-Functional Grass Limitations; Consistent Conservation Requirements on New Water Features; Pressure-Regulating Sprinkler Heads & Pressure-Compensating Drip Emitters; Separate Landscape Metering; and Alignment of Water Waste Definitions. Each concept is largely directed towards new non-residential development within a municipality and not for retroactive development of existing infrastructure. If implemented, these ordinances demonstrate members' proactive actions regarding the Colorado River shortage in the near future and build upon our existing conservation ethic for the long-term. AMWUA members are able to implement these ordinances based on their own municipal process and needs, producing positive actions from both Councils and city staff.

Mr. Biesemeyer voiced his support for this package and this initiative aligns with various ordinance changes the City of Scottsdale is already considering. Even if every ordinance is not implemented by all members, having these model ordinances gives background and tools when suggesting ordinance changes. Mr. Powers and Ms. Marlow echoed their own support of the ordinance package.

Upon a motion by Mr. Biesemeyer and a second from Mr. Powers, the AMWUA Management Board recommended the Outdoor Water Initiatives package to the AMWUA Board of Directors for approval.

5. Governor's Water Augmentation Innovation & Conservation Council

Mr. Tenney reported on the Post 2025 Committee's discussions on Unreplenished Groundwater Pumping, Groundwater in the Assured Water Supply Program and Hydrologic Disconnect. Committee Co-Chairs, Cheryl Lombard and Warren Tenney, initially identifying 11 concepts that could be presented as a package. After the input from the ADWR Director and Governor's Natural Resources Advisor, a package of seven proposals was presented to the Committee on October 27th. After this meeting, that the co-chairs further refined the proposals into five concepts that would be presented to the Water Council before the end of the year.

During the meetings concerns were expressed about the recharge and recovery program. The Committee will ask ADWR to look holistically and complete a comprehensive review of its Recharge and Recovery Program with stakeholder input.

The Committee heard many comments about the need for new water supplies. There were also suggestions about increasing the groundwater withdrawal fee to help discourage unreplenished groundwater withdrawals and to fund new possible resources.

Repealing WaterBUD was raised many times in the Committee. Current statutes prevent the accrual of Long-Term Storage Credits for certain entities that are pumping groundwater. Proponents of removing "WaterBUD" contend that it would allow certain entities to put to use their CAP allocation to accrue Long-Term Storage Credits and also buy such credits. Along with the idea of augmentation, the Committee suggested that direct potable reuse is an important tool to be made available and providing resources to ADEQ can expedite its rule making process.

Finally, the idea of ADWR addressing volumetric accounting for commingled water systems had been raised more than once. Stakeholders requested more flexibility with respect to the requirements to demonstrate the physical availability of groundwater supplies within a commingled system especially if they are bringing in a new supply to deliver to a new development. Presently, an applicant for a certificate relying on water delivered through a provider's commingled system must demonstrate the physical availability of any groundwater delivered through the system, even if the applicant or water provider brings a new non-groundwater supply to the system in a volume equal to the applicant's demand. ADWR is willing to facilitate these discussions while maintaining the consumer protections provided by the Assured Water Supply Program.

Mr. Tenney reported that these five concept proposals should be looked at as first steps for addressing Post 2025 issues and will continue to work toward possible solutions.

Mr. Setovich commented that given the current environment, the State will have to consider augmentation for new water supplies. Mr. Tenney responded that this Committee's focus was on AMA management and the challenge has been how to properly protect groundwater resources while we explore possible new water supplies. It was also important for this Committee to discuss solutions in the AMAs since it is not known when new supplies will be available.

Ms. Campbell commented that there must be a common consensus on the purpose of augmentation, whether it is augmentation for new water supplies and growth or augmentation of existing supplies and populations that must be replaced. Mr. Powers commented that there are certain disagreements on the existing water sources, so discussions of augmentation can lack proper consensus. Mr. Tenney responded that this Committee has provided a good forum for discussion.

6. [AMWUA Annual Financial Audit Report for Fiscal Year 2021](#)

Mr. Tenney reported that the independent accounting firm of Heinfeld Meech & Co. completed its audit of AMWUA's financial standing as of June 30, 2021. The auditor found no significant findings, placing AMWUA's finances in good standing. The complete audit was previously provided to the Board members.

Upon a motion made by Mr. Setovich and a second by Mr. Johnson, the AMWUA Management Board approved to recommend the AMWUA Annual Financial Audit Report for Fiscal Year 2021 to the AMWUA Board of Directors for acceptance.

7. [AMWUA Fiscal Year 2022 Quarterly Financial Statements – 1st Quarter](#)

Mr. Tenney reported that at the end of the first quarter, AMWUA is showing an actual of \$72,076 under the year-to-date budget. The line-item statements were previously provided to the Board members for questions.

Upon a motion made by Mr. Setovich and a second by Mr. Beaty, the AMWUA Management Board approved to recommend the AMWUA FY2022 Quarterly Financial Statements – 1st Quarter to the AMWUA Board of Directors for acceptance.

8. [Nominating Committee for AMWUA Chair & Vice-Chair](#)

Ms. Marlow reported that the AMWUA Management Board is to elect a Chair and Vice-Chair to serve from January 1, 2022 through December 31, 2022. Ms. Marlow appointed John Knudson, Javier Setovich, and herself as the three-member nominating committee to recommend qualified Chair and Vice-Chair candidates at the December 8, 2021 meeting.

C. Member Reports

Mr. Setovich reported that the City of Goodyear will be completing its first surface water treatment facility about 30 days ahead of schedule, beginning in December.

Mr. Hassert reported that the City of Mesa will be kicking off its AMI program at the beginning of next year. After approval from Council, Phase 1 implementation will begin next month to demonstrate functionality before full system implementation over the next 3½ years – 5 years.

Mr. Biesemeyer reported that Scottsdale Water has just celebrated 50 years as a utility and has opened a new groundwater treatment facility in South Scottsdale.

D. Executive Director's Report

Mr. Tenney reported that AMWUA will provide a presentation at the CAWCD FAP Committee, giving an overview of how CAP costs impact municipalities. Mr. Powers and Mr. Biesemeyer will give specific examples from their municipal impacts, along with other CAP subcontractors.

Last week, Mr. Tenney provided comments to the CAP Public Policy Committee and the CAP Board regarding the 4-cent water storage tax extension from 2030 to 2044. There have been concerns from AMWUA members regarding specifics of this tax usage and how it may apply to recovery. The CAP Board did move forward to pursue legislation continuing the 4-cent tax extension, with recognition that recovery must be included in projects to be funded by tax monies.

Finally, AMWUA will be notifying the Vetting Forum at their next meeting that it will begin pursuing legislation to eliminate the population requirements for receiving WIFA funds.

E. Future Agenda Items

F. Adjournment

Ms. Marlow adjourned the meeting at 11:21 a.m.

MANAGEMENT BOARD

INFORMATION SUMMARY

December 8, 2021

Colorado River Shortage Update

ANNUAL PLAN REFERENCE

Colorado River Management & Shortage Preparation

Assist, monitor and coordinate on the impacts of shortage declarations on the Colorado River along with the Reconsultation of the 2007 Colorado River Interim Guidelines to ensure our members' interests are forefront.

- Ongoing Coordination – Pursue opportunities to assist and synchronize continuing preparation efforts such as identifying ways to strengthen members' drought (shortage) preparedness plans.
- Risks – Analyze long-term risks of shortages to our members

Strategic Plan: Facilitate our Strength in Numbers, Collaborate and Advocate for Solutions, Safeguard Water Supplies, Prepare for Impacts of Drought & Shortage, Minimize Financial Impacts

SUMMARY

AMWUA staff will give an update regarding current Colorado River conditions and shortage-related developments including the Lower Basin States' plan to keep Lake Mead from falling below elevation 1,020 feet between now and 2026.

RECOMMENDATION

AMWUA staff is requesting that the AMWUA Management Board ask questions and discuss the Colorado River conditions and shortage.

MANAGEMENT BOARD

INFORMATION SUMMARY

December 8, 2021

Update on CAWCD's Finance, Audit and Power Committee

ANNUAL PLAN REFERENCE

Finances & Water

Examine, analyze and influence water positions and policies that impact our members' finances.

- CAWCD – Decisions regarding the use of property tax revenue, use of rate stabilization funds, recovery infrastructure financing, costs of System Use Agreement water quality requirements, and costs of shortage-related programs.

Strategic Plan: Collaborate and Advocate for Solutions, Safeguard Water Supplies, Prepare for Impacts of Drought & Shortage, Minimize Financial Impacts

SUMMARY

Over the past four months, the Central Arizona Water Conservation District (CAWCD) Finance, Audit, and Power (FAP) Committee has conducted a series of informational presentations to review CAWCD's financial authorities and policies. This initiative arose after several Board debates on the use of CAWCD's taxing authority that included a minority opinion seeking to reduce the District's annual tax levy.

Starting in August, the FAP Committee began reviewing CAWCD's authorities and requirements for its tax levy and rate setting. CAWCD staff also hired an external consultant to conduct a review on CAWCD's taxing authority and the statewide economic impact of the CAP. In September, the FAP Committee reviewed a list prepared by staff of major investments needed for the CAP system and augmentation initiatives. CAP Staff recommended that the Board establish a \$274 million Extraordinary Cost Reserve target to fund these projects using tax receipts instead of solely relying on water delivery rates. For the final discussion in November, the FAP Committee reviewed CAP's water delivery rate components and rate setting process. Representatives from AMWUA, Scottsdale, Peoria, Tucson and Surprise were also invited to present to the Committee about the impact of CAP costs on the finances of municipal utilities.

AMWUA staff will present a high-level overview of the discussions and outcomes of these recent FAP Committee meetings.

RECOMMENDATION

The AMWUA Management Board is requested to discuss and ask questions regarding CAWCD's finances.



MANAGEMENT BOARD
INFORMATION SUMMARY
December 8, 2021

Recommendation for 2022 AMWUA Management Board Chair and Vice-Chair

STRATEGIC PLAN REFERENCE

Operational Principles – Facilitate our Strength in Numbers

SUMMARY

The AMWUA Management Board is to elect a Chair and Vice-Chair to serve from January 1, 2022 through December 31, 2022. To accomplish this, the current Management Board Chair appointed a three-member nominating committee to recommend a candidate for Chair and a candidate for Vice-Chair at the December 8, 2021 meeting.

Per the AMWUA Bylaws, the qualifications for serving as an officer are 1) serve as a member of the current Management Board for at least the immediately preceding twelve months (January 2021 – December 2021); 2) have not missed more than three Management Board meetings in the preceding twelve months; 3) be able to serve at least one year as Chair or Vice-Chair; and 4) the Chair and Vice-Chair may serve a maximum of two consecutive years in the same position.

Based on those requirements, the Management Board members who qualify as Chair or Vice-Chair are Kirk Beaty, Brian Biesemeyer, Craig Johnson, John Knudson, Jessica Marlow, Karen Peters, Terry Piekarz, Cape Powers, and Javier Setovich.

RECOMMENDATION

The AMWUA Management Board is requested to consider and approve the Nominating Committee's recommendation for Chair and Vice-Chair for 2022.